

Senate Bill No. 284

Passed the Senate April 7, 2011

Secretary of the Senate

Passed the Assembly June 20, 2011

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2011, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 880.020 of, and to amend, repeal, and add Section 884.010 of, the Civil Code, relating to real property.

LEGISLATIVE COUNSEL'S DIGEST

SB 284, Harman. Real property: marketable title.

Existing law permits a person to record an option to purchase real property in the chain of title for that property. Existing law provides that the option expires of record, within specified times, if no conveyance, contract, or other instrument giving notice of the exercise or extension of the option is recorded.

This bill would provide, absent a conveyance, contract, or other instrument giving notice of the exercise or extension of an option, that if the expiration date of the option is ascertainable from the recorded instrument, the option expires 6 months after that expiration date. The bill would further provide that if the expiration date of the option is not ascertainable from the recorded instrument, or the recorded instrument indicates that the option provides no expiration date, the option expires 6 months after the date the instrument that creates or gives constructive notice of the option is recorded. These provisions would become operative on January 1, 2013. The bill would also make a technical correction.

The people of the State of California do enact as follows:

SECTION 1. Section 880.020 of the Civil Code is amended to read:

880.020. (a) The Legislature declares as public policy that:

(1) Real property is a basic resource of the people of the state and should be made freely alienable and marketable to the extent practicable in order to enable and encourage full use and development of the real property, including both surface and subsurface interests.

(2) Interests in real property and defects in titles created at remote times, whether or not of record, often constitute unreasonable restraints on alienation and marketability of real

property because the interests are no longer valid or have been abandoned or have otherwise become obsolete.

(3) Such interests and defects produce litigation to clear and quiet titles, cause delays in real property title transactions, and hinder marketability of real property.

(4) Real property title transactions should be possible with economy and expediency. The status and security of recorded real property titles should be determinable to the extent practicable from an examination of recent records only.

(b) It is the purpose of the Legislature in enacting this title to simplify and facilitate real property title transactions in furtherance of public policy by enabling persons to rely on record title to the extent provided in this title, with respect to the property interests specified in this title, subject only to the limitations expressly provided in this title and notwithstanding any provision or implication to the contrary in any other statute or in the common law. This title shall be liberally construed to effect the legislative purpose.

SEC. 2. Section 884.010 of the Civil Code is amended to read:

884.010. (a) If a recorded instrument creates or gives constructive notice of an option to purchase real property, the option expires of record if no conveyance, contract, or other instrument that gives notice of exercise or extends the option is recorded within the following times:

(1) Six months after the option expires according to its terms.

(2) If the option provides no expiration date, six months after the date the instrument that creates or gives constructive notice of the option is recorded.

(b) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.

SEC. 3. Section 884.010 is added to the Civil Code, to read:

884.010. If a recorded instrument creates or gives constructive notice of an option to purchase real property, the option expires of record if no conveyance, contract, or other instrument that gives notice of exercise or extends the option is recorded within the following times:

(a) If the expiration date of the option is ascertainable from the recorded instrument, six months after that expiration date.

(b) If the expiration date of the option is not ascertainable from the recorded instrument or the recorded instrument indicates that the option provides no expiration date, six months after the date the instrument that creates or gives constructive notice of the option is recorded.

(c) This section shall become operative on January 1, 2013.

Approved _____, 2011

Governor